State of Washington Workforce Planning Guide

Right People, Right Jobs, Right Time

Table of Contents

Washington State Department of **Personnel**

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www.wa.gov/dop/workforceplanning/

State of Washington
Workforce Planning Guide

Background

Washington State is facing significant challenges in recruiting and retaining a government workforce capable of delivering efficient, quality services to the state's citizens. The state anticipates significant increases in turnover, intensified competition for qualified employees, and fast-paced changes in how work is accomplished.

With more than 50% of state employees at age 45 or older, the state is experiencing higher turnover due to retirement. Depending on the agency, by the year 2005, up to 27% of PERS 1 employees will be retirement-eligible, and up to 38% of PERS 1 and 2 employees will be eligible. This higher retirement turnover, coupled with other attrition, will mean a significant loss in workforce skill and knowledge, with certain occupational areas hit harder than others.

At the same time, Washington State government is challenged to compete successfully with other employers for quality employees. Both nationally and in this state, there is a major labor market shortage. State government's compensation and civil service restrictions pose certain limitations that must be overcome to recruit and retain a productive, competent workforce.

To address these challenges before they become problems, agencies should be carefully preparing workforce plans and implementing creative strategies to ensure necessary staff levels and competencies are in place to carry out agency missions. This Workforce Planning Guide is a reference document for that purpose. It offers basic workforce planning steps, issues to consider, resources, and tools.

This Guide is written for agency managers, human resource consultants, organizational specialists, and others who have a shared responsibility to ensure successful implementation of the workforce planning process. The processes described in this Guide are derived from considerable research on workforce planning in other jurisdictions and the literature.

Percent of Employees Eligible to Retire by 2005		
	PERS 1	PERS 1 & 2
Agriculture	8%	14%
CTED	11%	21%
Corrections	8%	20%
Ecology	10%	15%
Emp. Security	27%	38%
Financial Inst.	11%	21%
Financial Mgmt	17%	28%
Fish & Wildlife	20%	26%
General Admin.	10%	25%
Health	10%	18%
HCA	7%	9%
Information Svc	14%	22%
L & I	16%	27%
Licensing	18%	31%
LCB	9%	20%
Lottery	14%	31%
Military	3%	8%
Parks & Rec.	12%	17%
Personnel	24%	33%
Retirement Sys.	12%	23%
Revenue	16%	26%
DSHS	15%	26%
State Patrol	22%	26%
Transportation	16%	26%
UTC	15%	17%
Veterans Affairs	9%	22%

What Is Workforce Planning?

In its simplest terms, workforce planning is getting *the right number of people with the right set of competencies in the right jobs at the right time*. This is a shorthand definition for a management framework for making staffing decisions and related investments based on an organization's mission, strategic plan, budgetary resources, and desired workforce competencies.

Many organizations, both public and private, have developed models for workforce planning. Putting aside variations in terminology, the processes are all very much alike. All rely on an identification of staffing levels and competencies needed in the future; an analysis of the present workforce (demographics, retirement projections, competencies, etc); a comparison of the present workforce to future needs to identify gaps and surpluses; the development of strategies for building the workforce needed in the future; and an evaluation process to assure that the workforce plan remains valid and that objectives are being met.

Why is Workforce Planning Important?

The "why" of workforce planning is grounded in the benefits to managers. Workforce planning provides managers with a strategic basis for making human resource decisions. It allows managers to anticipate change rather than being surprised by events, as well as providing strategic methods for addressing present and anticipated workforce issues.

Organizational success depends on having the employees with the right competencies at the right time. Workforce planning provides managers the means of identifying the competencies needed in the workforce - not only in the present but also in the future - and then selecting and developing that workforce.

In summary, some of the key benefits of workforce planning include:

◆ Allows more effective utilization of employees through accurate, efficient alignment of the workforce with strategic objectives.

◆ Helps ensure that replacements are available to fill important vacancies – especially critical as we face increased turnover, coupled with labor market shortages and limited compensation levels.

◆ Provides realistic staffing projections for budget purposes.

◆ Ensures that recruitment resources are more efficiently and effectively used.

◆ Provides better focused investment in training and retraining, development, career counseling, and productivity enhancement.

◆ Helps maintain or improve diversity profile.

Strategic Planning & Workforce Planning - A Cooperative Effort

Strategic planning sets organizational direction and measurable program objectives. These goals and objectives not only provide the basis for determining necessary financial resources, but also provide the basis for workforce needs. If the right people with the right competencies are not in place, it is difficult to effectively achieve the organization's strategic goals and objectives. The workforce plan highlights *the people factor* in achieving results.

Workforce planning requires strong management leadership and cooperative supportive efforts of staff in several functional areas. Strategic planning, budget, and human resources are key players in workforce planning. Human resources provides tools for identifying needed competencies and for building the future workforce through strategic recruitment, training, development, and retention techniques.

Managing for Results:

The People Factor

Strategic Plan and Scorecard

- Vision, mission, goals and objectives
- Performance measures
- Key, future functional requirements

Workforce Planning

- Present and future staffing profiles and projections
- Gap analysis
- Workforce strategies

Human Capital

Recruitment, development, and retention of critical competencies

Results

- Value and benefit
- Customer
- Financial
- Key business processes
- Internal capacity

As the problems facing society and state government become continually more complex, and risks associated with solving them grow, the importance of attracting and retaining state employees with necessary skills and commitment increases.
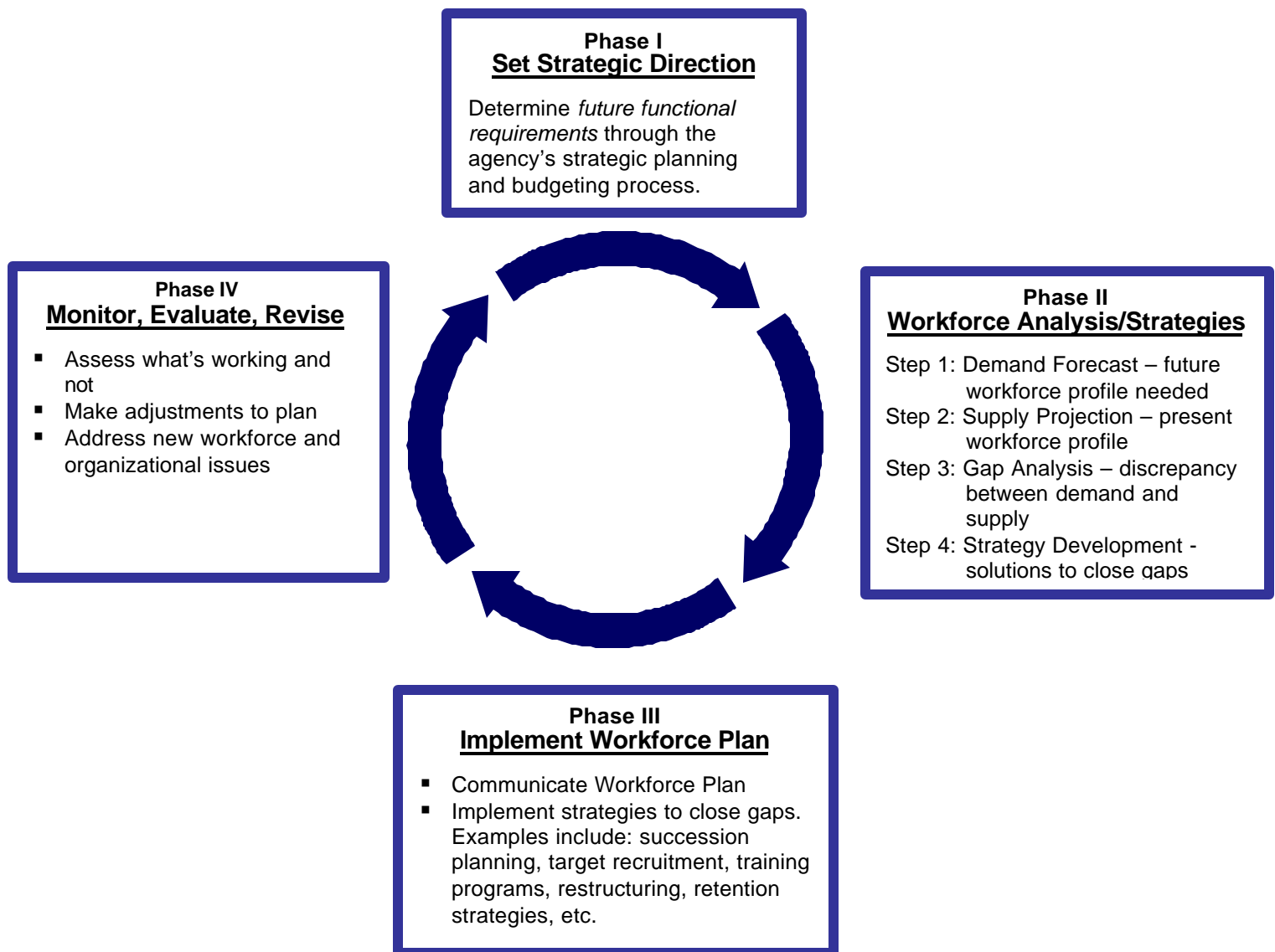
Achieving results in government, probably more than any other business, is highly dependent upon the quality, judgment, and motivation of its workforce. Maintaining that workforce today requires careful management planning to be an attractive, competitive employer.

Workforce Planning Model

The Department of Personnel has designed a four-phase Workforce Planning Model as a suggested approach for agencies to follow. A summary of the model is depicted in the diagram below. It was derived from research of models used in a variety of public and private sector organizations, and adapted for applicability to Washington State government.

Each state agency has unique operating cultures and business needs. Therefore, it is fully expected that this model and its associated considerations, strategies, and tools will be modified by each agency to address its unique needs.

State of Washington
Workforce Planning Model

Phase I
Set Strategic Direction

Determine *future functional requirements* through the agency's strategic planning and budgeting process.

Phase IV
Monitor, Evaluate, Revise

- Assess what's working and not
- Make adjustments to plan
- Address new workforce and organizational issues

Phase II
Workforce Analysis/Strategies

Step 1: Demand Forecast – future workforce profile needed
Step 2: Supply Projection – present workforce profile
Step 3: Gap Analysis – discrepancy between demand and supply
Step 4: Strategy Development - solutions to close gaps

Phase III
Implement Workforce Plan

- Communicate Workforce Plan
- Implement strategies to close gaps. Examples include: succession planning, target recruitment, training programs, restructuring, retention strategies, etc.

Workforce Planning Model
Phase I - Set Strategic Direction

Workforce planning is a natural complement to strategic planning since it is through the workforce that the objectives of the strategic plan will be achieved. Workforce planning cannot be effectively accomplished unless a meaningful strategic plan has been prepared for the organization.

Strategic Plan

Future Functional Requirements

Workforce Plan
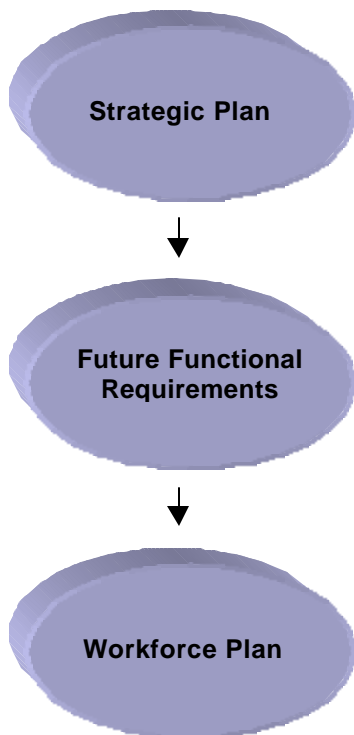
Agency strategic plans are required as part of the budget process. In addition, most agencies have balanced scorecards that clearly summarize key priorities. The budget instructions published by the Office of Financial Management outline the components required of strategic plans.

The agency's vision, mission, and measurable goals and objectives drives the identification of future functional requirements. In turn, those requirements drive the analysis and elements of the workforce plan.

When identifying future functional requirements, *focus on function, not on the people* needed to do the job. The overarching question is: **"What key functions need to be performed in order to accomplish the direction set out in the strategic plan?"** This may include many of the organization's current functions, in addition to forecasting important future functions and activities.

Planning Levels
What is an appropriate organizational level for developing a workforce plan? While there is no single answer, a useful guideline in determining planning levels is to ensure the outcomes of workforce planning will relate directly to the organization's strategic plan. As such, the level of analysis should be at least equivalent to that of the strategic plan, and preferably carried out at the program-level basis where the front-line effects will be felt.
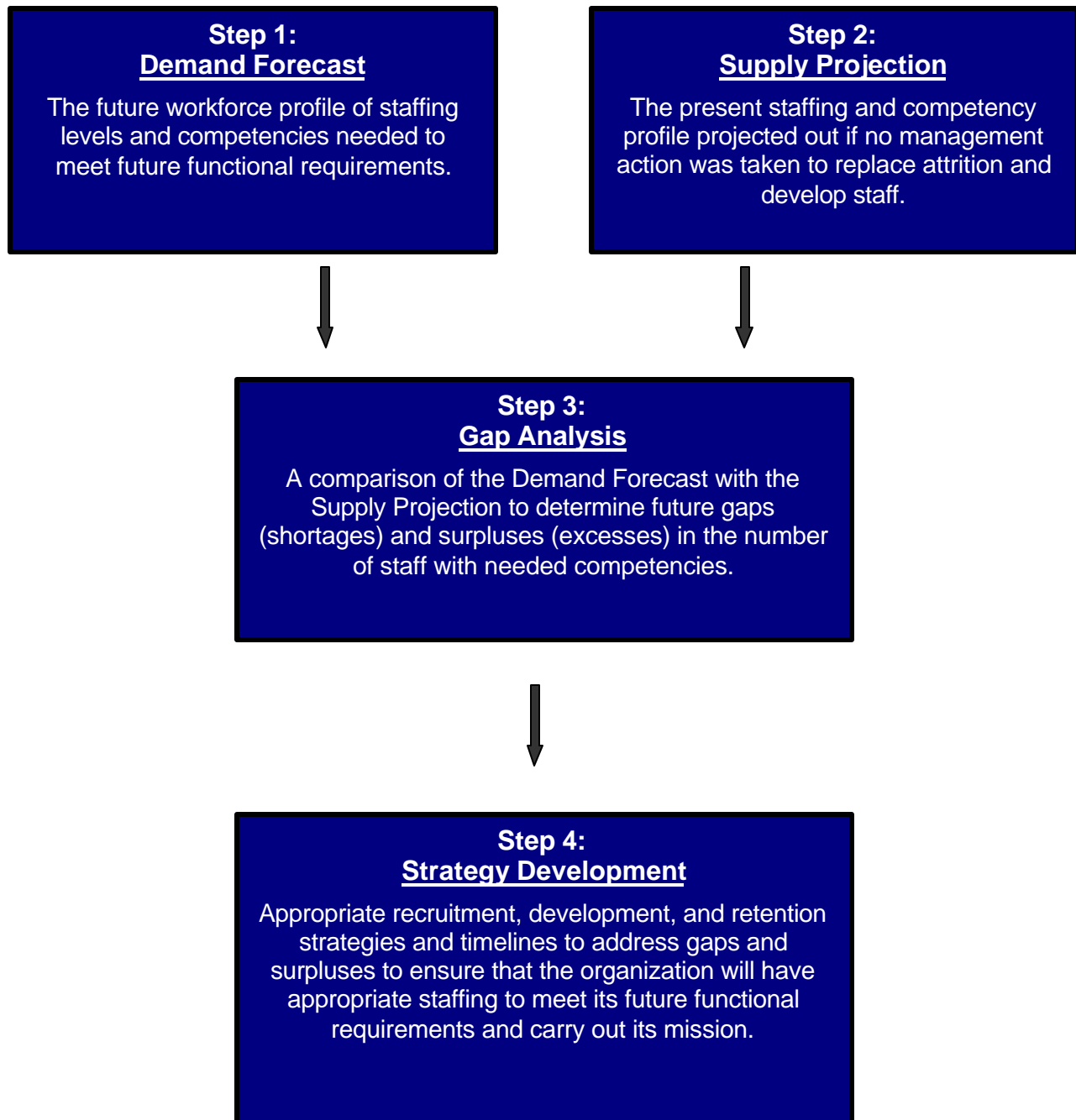
This is only a guide, however. Agencies should adapt the planning model, including level of detail, in a way that makes managerial sense for that organization. The size of the organization, how it is organized, and how programs are managed and budgeted will all impact this determination.

Obviously, the larger and more complex the organization is, the more complex the step of determining key functional requirements can get. Conversely, for smaller organizations, only a handful of major functions may be identified and the process may be relatively quick and simple. Agencies with minimal workforce planning experience may want to limit the level of analysis to a higher organizational cut (e.g., division-level only), selected parts of the agency, or certain occupational categories.

Workforce Planning Model
Phase II - Workforce Analysis and Strategies

There are four key steps to the workforce analysis phase of this model. These steps are summarized below, and are described in greater detail in pages 8 through 12.

Step 1:
Demand Forecast

The future workforce profile of staffing levels and competencies needed to meet future functional requirements.

Step 2:
Supply Projection

The present staffing and competency profile projected out if no management action was taken to replace attrition and develop staff.

Step 3:
Gap Analysis

A comparison of the Demand Forecast with the Supply Projection to determine future gaps (shortages) and surpluses (excesses) in the number of staff with needed competencies.

Step 4:
Strategy Development

Appropriate recruitment, development, and retention strategies and timelines to address gaps and surpluses to ensure that the organization will have appropriate staffing to meet its future functional requirements and carry out its mission.

Step 1:   Demand Forecast

The Demand Forecast deals with the workforce that will be needed to accomplish future functional requirements and carry out the mission of the organization. Information derived from Phase I - Setting Strategic Direction - forms the basis for this analysis.

In this step, a visionary staffing assessment against future functional requirements is conducted. The result is a forecast of the type of competencies, numbers, and locations of employees needed in the future (e.g., 1 to 5 years out). This makes up the future workforce profile, the Demand Forecast.

An important part of the demand analysis process is examining not only what work the organization will do in the future, but how that work will be performed. Some possible considerations include:

- How will jobs and workload change as a result of technological advancements, economic, social, and political conditions?
- What are the consequences or results of these changes?
- What will be the reporting relationships?
- How will divisions, work units, and jobs be designed?
- How will work flow into each part of the organization? What will be done with it? Where will the work flow?

Once the what and how of future work has been determined, the next step is to identify the competencies employees will need to carry out that work. Competencies are a set of behaviors that encompass skills, knowledge, abilities, and personal attributes that, taken together, are critical to successful work accomplishment.

Competencies may be defined organizationally or on an individual basis. Identifying competencies on an organizational basis provides a means for pinpointing the most critical competencies for organizational success. These core competencies are those that are embodied across the organization and between job types.

Individual competencies are those that each employee brings to his or her function. Individual and team competencies are critical components of organizational competencies. If the individual

> **"Demand Forecast"**
> **Tools and Resources**
>
> **Agency-internal:**
>
> Strategic plans, balanced scorecards, performance agreements, budget documents, workload data and trends, diversity goals
>
> **Department of Personnel:**
>
> Visit DOP's workforce planning site www.wa.gov/dop/workforceplanning for:
>
> ◆ **Competency profile suggestions for selected occupations, including:**
>
> - management
> - human resources
> - information technology
> - support staff
> - general professional
>
> ◆ **Facilitation and consultation services**
>
> ◆ **Website links and resource directory**
>
> **Other:**
>
> Competency suggestions in the Federal Bureau of Labor Statistics Occupational Outlook Handbook at http://www.bls.gov/ocohome.htm

competencies in the workforce are not in accord with those needed by the organization, workforce planning will point out these gaps.

The future workforce profile created through the Demand Forecast analysis will display a set of competencies that describes the ideal workforce of the future. This set of competencies provides management and staff with a common understanding of the skills and behaviors that are important to the organization. Therefore, it plays a key role in decisions on recruiting, employee development, personal development, and performance management.

Agencies should make the Demand Forecast analysis as inclusive as possible. Employees will have a greater understanding and ownership of the competency model if they are involved in the process. It will also give them a clearer idea of what the organization expects of successful employees. In addition, since developing the competency model is a visionary process, organizations should take care to include diverse viewpoints to avoid tunnel vision.

Step 2:   Supply Projection

The Supply Projection step involves: (1) developing the present workforce profile and, (2) projecting that profile into the future as if either no management action was taken to replace attrition or develop existing staff, or if only the normal course of action continues. The result, at a minimum, should show the projected workforce supply in terms of staff numbers and competencies.

There are a host of factors that can be included in the present workforce profile, including:

- ◆ Number of employees
- ◆ Competencies
- ◆ Job classification/occupation
- ◆ Salary level
- ◆ Age, gender, race
- ◆ Location
- ◆ Educational level
- ◆ Appointment status (permanent, temporary, etc,)

With the exception of competencies, data for all the factors listed above are available through the Department of Personnel's Human Resource Data Warehouse. At a minimum, the Supply Projection should reflect numbers of employees and competency profiles. Competency assessment methods are discussed on the following page.

Once the present workforce profile has been prepared, project it out into the future as if no special management action was taken to replace attrition or develop existing staff. This projection can be accomplished by determining attrition rates for the organization and/or occupational areas and applying those to the present profile. Retirement eligibility and other turnover statistics and rates are available through the Human Resource Data Warehouse.

Assessing Competencies

There are a number of ways to assess competencies. Assessment methods vary in degrees of precision, complexity, and time and effort to administer.

One relatively simple assessment method is to infer what the competencies are from the employees' job class specifications and position descriptions. This would give a very general idea of the number of employees who are presumed to have certain knowledge and skill sets.

The problem with this approach is its lack of precision. For example, because it doesn't look at the employee, it will not identify available competencies that are not represented in the existing class specification. As such, the organization could miss some good opportunities for selecting and developing from within.

Nonetheless, as a first cut or where the organization has limited workforce planning capability, this may be the approach to take in the beginning.

A better, more precise approach is to conduct an actual assessment of employees' competency levels. An actual assessment will provide much more useful information for determining the number of those available and capable of fulfilling future functional requirements. It will give good information as to what recruitment, training, and other strategies need to be deployed to address workforce gaps and surpluses.

One way of determining actual competencies is to conduct a general assessment of employees using a checklist of the future desired competencies that have been identified through the Demand Forecast. The checklist might also include a rating of competency level, such as: advanced, intermediate, beginning or none. This information would be helpful for identifying succession planning or training strategies.

It is suggested that each the manager and the employee conduct the assessment, and then collaborate on the results.

> **"Supply Projection"**
> **Tools and Resources**
>
> ---
>
> **Agency Human Resource Office**
>
> **DOP HR Data Warehouse at http://dop16wbp/dw97/dwindex.htm or call Help Desk at (360) 664-6400**
>
> **Visit DOP's Workforce Planning site www.wa.gov/dop/workforceplanning for:**
>
> ◆ **Summary of turnover statistics and rates, per job class statewide**
>
> ◆ **Competency assessment tools**
>
> ◆ **Facilitation and consultants**
>
> ◆ **References and links**
>
> **The EDPP and MDPP can be downloaded from www.wa.gov/dop/geninf.htm under state personnel forms. For the META 360, contact (360) 664-1927**

Competency assessment information can also be obtained through existing tools such as the Employee Development & Performance Plan (EDPP), Management Development & Performance Plan (MDPP), and the META 360 assessment tool for managers.

As mentioned previously, conducting an actual assessment can get very complicated depending on what approach is taken. For example, some organizations conduct thorough job analyses and individual employee assessments by multiple sources, including the employee. The degree of precision needed by the organization, its culture, and time and resource availability are some of the key factors influencing which approach to take.

Step 3:   Gap Analysis

Gap analysis is the process of comparing the workforce Demand Forecast to the workforce Supply Projection. The expected result is the identification of gaps and surpluses in staffing levels and competencies needed to carry out future functional requirements of the organization.

◆ A gap (projected supply is less than forecasted demand) indicates a future shortage of needed employees. Effective strategies – such as outreach recruitment, training, succession planning – will need to be developed and implemented to fill the need. Critical gaps should be analyzed with care to ensure that timely action is taken before the projected gap becomes a problem.

◆ A surplus (projected supply is greater than forecasted demand) indicates a future excess in some categories of employees which may also require action. The surplus data may represent occupations or employee skill sets that will no longer be needed in the future, or at least not be needed to the same degree. Retraining, transfers, or separation incentives are a few examples of strategies to address surplus situations.

Step 4:   Strategy Development

The final step in the workforce analysis phase involves the development of strategies to address future gaps and surpluses. There is a wide range of strategies that agencies might use to attract and develop staff with needed competencies and to deal with excesses in competencies no longer needed in the organization.

There is also a myriad of factors that will influence which strategy or, more likely, which combination of strategies that should be used. Some of these factors include, but are by no means limited to, the following:

◆ Time. Is there enough time to develop staff internally for anticipated vacancies or new competency needs, or is special, fast-paced recruitment the best approach?

◆ Resources. The availability of adequate resources will likely influence which strategies are used and to what degree, as well as priorities and timing.

◆ Internal depth. Do existing staff demonstrate the potential or interest to develop new competencies and assume new or modified positions, or is external recruitment needed?

◆ "In-demand" competencies. How high the competition is for the needed future competencies may influence whether recruitment versus internal development and succession is the most effective strategy, especially when compensation levels are limited.

◆ Workplace and workforce dynamics. Whether particular productivity and retention strategies need to be deployed will be influenced by workplace climate (e.g., employee satisfaction levels), workforce age, diversity, personal needs, etc.

◆ Job classifications. Do the presently used job classifications and position descriptions reflect the future functional requirements and competencies needed? Does the structure of the classification series have enough flexibility to recognize competency growth and employee succession in a timely fashion? Does it allow compensation flexibility?

The following table lists some of the key strategies that organizations can use to address gaps and surpluses. There are many creative strategies that could be deployed, and consultation from the organization's human resource staff or the Department of Personnel is encouraged. *See Page 14 for DOP resources and contacts.*

Possible Strategies	Considerations and Tools
Job class modifications	Using a broadly described classification series that is competency-based will give the organization much more flexibility to recruit, mobilize, and properly compensate.
Compensation flexibility	The broad compensation bands used for exempt positions and the Washington Management Service give considerable flexibility in assigning or adjusting salaries to facilitate hiring, as well as retention, of needed employees. Flexibility for adjusting salaries within the assigned range is now available for general service employees and should be considered for recruitment, promotion, and retention purposes. In addition, within the WMS, performance based recognition pay is an option.
Succession planning	Succession planning or "creating the bench" can help address future gaps by systematically placing lower level staff on a development path now that will prepare them to easily move into jobs with higher level competency requirements in the future. The "in-training" rules can facilitate succession plans.
Specialized recruitment and selection	In today's tight labor market, active, targeted recruitment using modern selection techniques is crucial to reaching out and attracting the best candidates. Tools include customized outreach and search, desirable qualifications, streamlined screening, College Recruitment Program, Governor's Internship Program, "in-training" rules, and more.
Customized training or retraining	Just-in-time training for new skills and knowledge needed for new developments in the job such as program changes or technological advancements. Re-training for employees whose jobs will be accomplished in a different way in the future.
Retention and productivity techniques	Use of tools and practices that promote a healthy and satisfying working environment that will help retain quality employees. Examples include: State Employee Survey, organizational development consultation and workshops, modern management practices, alternative work arrangements, leave options, etc. Retention of excellent employees who are seeking new challenges or may leave due to PERS 2 might be addressed through special projects, rotations, and/or developmental assignments.
Re-deployment, career transition, or separation	Where certain competencies are not needed to the same degree as in the past, a new career path may be the best approach. DOP offers career transition workshops and consultation. For some, downshifting or separation from state service may be desirable. The state's Voluntary Separation & Downshifting Incentive Program may be a useful tool. In the rare case of a RIF, the RIF Transition Pool can assist outplacement.

Workforce Planning Model
Phase III - Implement Workforce Plan

Certain basics of any good project management plan should be addressed when implementing the Workforce Plan strategies developed in Step 4. Some of these basic considerations include:

◆ Ensuring organization buy-in and support.

◆ Allocating necessary resources to carry out workforce strategies.

◆ Clarifying roles and responsibilities in implementing strategies. This includes identifying who is involved in implementing what, and where coordination among different parts of the organization or with different agencies is needed.

◆ Establishing timelines.

◆ Determining performance measures – milestones and expected end product.

◆ Communication of plan. The basis of the plan, as well as its elements, should be communicated to all employees. That is, why and how it was developed, how it will be applied, and how it will affect staff.

The Workforce Plan should be implemented in connection with the requirements of the organization's strategic plan. If the strategic plan timetable changes due to unanticipated customer, leadership, or legislative changes, adjustments to the Workforce Plan strategies may be needed.

Workforce Planning Model
Phase IV - Monitor, Evaluate, Revise

Evaluation and adjustments are implicit in workforce planning or any good planning and project management process. If an organization does not engage in systematic review of its Workforce Planning efforts, it runs the risk of not responding to changes that occur incrementally from within or unanticipated external impacts.

Leaders should ensure that a process and schedule is in place to regularly review Workforce Plan implementation progress in order to:

◆ Review performance measurement information

◆ Assess what's working and not

◆ Make needed adjustments to the plan and strategies

◆ Address new workforce and organizational issues that might occur

Workforce Planning
Summary of DOP Resources and Contacts

www.wa.gov/dop/workforceplanning

General

Workforce Planning Guide (including model); Impact of Aging Trends Report
www.wa.gov/dop/workforceplanning

General information, coordination, and presentations
Workforce Planning Core Team 664-6342
JuliaG@dop.wa.gov or ChrisV@dop.wa.gov

Consultation and facilitation contractors
DOP Organization Development Services 664-1947

Workforce Analysis Information

Workforce demographics, staffing levels, turnover statistics and trends, retirement eligibility
Human Resource Data Warehouse at http://dop16wbp/dw97/dwindex.htm or Help Desk 664-6400

Competency models for selected occupations; competency assessment instruments
www.wa.gov/dop/workforceplanning

Workforce Strategies

Job class modifications and salary flexibility
DOP Classification 664-6332; LisaS@dop.wa.gov

Succession planning
DOP Workforce Planning Core Team 664-6342

Staffing and hiring strategies
DOP Personnel Services 664-6256; BobH@dop.wa.gov

Training and development strategies
DOP Training & Development Services 664-1991; DougS@dop.wa.gov

Retention & productivity strategies:
State Employee Survey - (360) 664-6346
Organization Development Services - (360) 664-1947
Employee Advisory Service - (360) 753-3260
Alternative work arrangements; leave options - (360) 664-6340

Career transition or separation:
Career Transition Services – (360) 664-1990, TammyW@dop.wa.gov
Voluntary Separation and Downshifting Incentive Program – (360) 664-6342;
http://www.wa.gov/dop/geninf.htm